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CITY OF BELZONI

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CITY OF BELZONI

FINANCIAL SECTION

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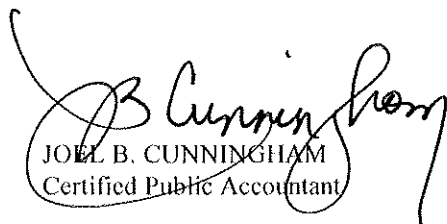
COMPILATION REPORT

September 15, 2010

The Honorable Mayor and Board of Aldermen
City of Belzoni, Mississippi

We have compiled the combined statement of cash receipts and disbursements - all funds of the City of Belzoni for the year ended September 30, 2009, and the accompanying combining statements of cash receipts and disbursements for the Special Revenue Funds and Component Units and the supplementary information contained in Schedules I, II and III, which are presented only for supplementary analysis purposes, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants.

A compilation is limited to presenting in the form of financial statements and supplementary schedules information that is the representation of management. We have not audited or reviewed the accompanying combined statement of cash receipts and disbursements – all funds and supplementary schedules and, accordingly, do not express an opinion or any other form of assurance on them.



JOEL B. CUNNINGHAM
Certified Public Accountant

CITY OF BELZONI

Combined Statement of Cash Receipts and Disbursements (All Funds)
For the Year Ended September 30, 2009

	General	Special Revenue	Capital Project	Debt Service	Enterprise Fund	Fiduciary Funds	Component Units	Total (Memorandum Only)
REVENUE RECEIPTS:								
General property taxes	\$ 532,255	\$ -	\$ -	\$ 135,679	\$ -	\$ -	\$ -	\$ 667,934
Penalties & interest on delinquent taxes	23,539	-	-	-	-	-	-	23,539
Licenses and permits	7,321	-	-	-	-	-	-	7,321
Franchise taxes	79,139	-	-	-	-	-	-	79,139
Intergovernmental revenues:								
Federal grants:								
HOME grant	-	103,338	-	-	-	-	-	103,338
CDBG	-	-	-	-	83,778	-	147,600	83,778
FAA airport improvement grant	-	-	-	-	-	-	-	147,600
State grants and shared revenues:								
General municipal aid	1,388	-	-	-	-	-	-	1,388
Sales tax	536,157	-	-	-	-	-	-	536,157
Homestead exemption reimb.	31,625	-	-	7,817	-	-	-	39,442
Gasoline tax	7,488	-	-	-	-	-	-	7,488
Alcoholic beverage licenses	4,050	-	-	-	-	-	-	4,050
Fire insurance premium dist.	14,072	-	-	-	-	-	-	14,072
Payments in lieu of tax-Nuclear	22,683	-	-	-	-	-	-	22,683
MDOT reimb.-highways	7,525	-	-	-	-	-	-	7,525
Law enforcement assistance grants	6,184	-	-	-	-	-	3,884	6,184
Aeronautics	-	-	-	-	-	-	-	3,884
Big truck privilege licenses	2,962	-	-	-	-	-	-	2,962
County grants and shared revenues:								
Road & bridge taxes	22,501	-	-	-	-	-	-	22,501
Fire call revenue	17,650	-	-	-	-	-	-	17,650
Charges for services:								
Water, sewer and garbage	438	-	-	-	1,257,235	-	-	1,257,673
Police fines and forfeits	35,689	-	-	-	-	-	-	35,689
Rents:								
Fire station	18,550	-	-	-	-	-	-	18,550
Energy (utility lines)	109,819	-	-	-	-	-	-	109,819
Delta Natural Gas District	45,493	-	-	-	-	-	-	45,493

CITY OF BELZONI

Combined Statement of Cash Receipts and Disbursements (All Funds)
For the Year Ended September 30, 2009

	General	Special Revenue	Capital Project	Debt Service	Enterprise Fund	Fiduciary Funds	Component Units	Total (Memorandum Only)
REVENUE RECEIPTS:								
Airport	-	-	-	-	-	-	9,600	9,600
Interest income	6,456	1,316	1,390	177	5,974	-	470	15,783
Workers comp refund	13,452	-	-	-	-	-	-	13,452
Recovery of funds	-	-	-	-	3,705	-	-	3,705
Miscellaneous	3,970	-	-	-	-	-	3,402	7,372
Total Revenue Receipts	1,550,406	104,654	1,390	143,673	1,350,692	-	164,956	3,315,771
OTHER RECEIPTS:								
State assessments collected	11,014	-	-	-	-	-	-	11,014
Crime stoppers fees collected	102	-	-	-	-	-	-	102
Transfers from other funds	-	-	-	-	-	-	18,500	18,500
Interfund loans	7,930	-	-	7,451	1,760	30,408	-	47,549
Inception of capital lease	8,513	-	-	-	23,280	-	-	31,793
Taxes collected for third parties and overpayments	8,511	-	-	-	-	-	-	8,511
COBRA deposits	2,818	-	-	-	-	-	-	2,818
Employee withholdings	-	-	-	-	-	2,884	-	2,884
Customer meter deposits received	-	-	-	-	15,100	-	-	15,100
Sales taxes collected	-	-	-	-	10,534	-	-	10,534
Total Other Receipts	38,888	-	-	7,451	50,674	33,292	18,500	148,805
Total Receipts	1,589,294	104,654	1,390	151,124	1,401,366	33,292	183,456	3,464,576
Cash - beginning of year	627,285	137,809	64,147	48,429	912,337	26,456	94,795	1,911,258
TOTAL AMOUNT TO ACCOUNT FOR	\$ 2,216,579	\$ 242,463	\$ 65,537	\$ 199,553	\$ 2,313,703	\$ 59,748	\$ 278,251	\$ 5,375,834

CITY OF BELZONI

Combined Statement of Cash Receipts and Disbursements (All Funds)
For the Year Ended September 30, 2009

	General	Special Revenue	Capital Project	Debt Service	Enterprise Fund	Fiduciary Funds	Component Units	Total (Memorandum Only)
OPERATING DISBURSEMENTS:								
General government	\$ 326,234	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 326,234
Public safety:								
Police	611,648	-	-	-	-	-	-	611,648
Fire	206,671	-	-	-	-	-	-	206,671
Inspection	25,203	-	-	-	-	-	-	25,203
Animal control	3,161	-	-	-	-	-	-	3,161
Street department	212,772	-	-	-	-	-	-	212,772
Culture and recreation:								
Parks	-	-	-	-	-	-	18,751	18,751
Library	15,500	-	-	-	-	-	-	15,500
Enterprise:								
Administrative	-	-	-	-	129,699	-	-	129,699
Sanitation department	-	-	-	-	373,350	-	-	373,350
Water department	-	-	-	-	294,091	-	-	294,091
Sewer department	-	-	-	-	251,209	-	-	251,209
Airport	-	-	-	-	-	-	6,256	6,256
Economic development	-	-	-	-	-	-	-	-
Homeowners' rehabilitation	-	103,338	-	-	-	-	-	103,338
Interest on bonds and other debt	215	677	-	47,123	38,178	-	-	86,193
Paying agent and related fees	-	-	-	852	-	-	-	852
Total Operating Disbursements	1,401,404	104,015	-	47,975	1,086,527	-	25,007	2,664,928
OTHER DISBURSEMENTS:								
Retirement of long-term debt:								
Bonds	-	-	-	75,000	-	-	-	75,000
Notes	-	6,720	-	-	84,606	-	-	91,326
Capital lease obligations	3,473	-	-	-	7,760	-	-	11,233
Capital outlay	9,451	-	-	-	116,508	-	156,646	282,605
Transfers to other funds	18,500	-	-	-	-	-	-	18,500

CITY OF BELZONI

Combined Statement of Cash Receipts and Disbursements (All Funds)
For the Year Ended September 30, 2003

	General	Special Revenue	Capital Project	Debt Service	Enterprise Fund	Fiduciary Funds	Component Units	Total (Memorandum Only)
Interfund loans	19,105	-	-	3,908	19,725	-	4,811	47,549
Tax reimbursements-tax sale								
purchasers and refunds of								
overpayments	19,965	-	-	-	-	-	-	19,965
COBRA insurance premiums paid	3,870	-	-	-	-	-	-	3,870
Employee withholdings paid	-	-	-	-	930	-	-	930
State assessments paid	12,079	-	-	-	-	-	-	12,079
Refunds to customers (meter deposits)	-	-	-	-	12,557	-	-	12,557
Sales taxes paid	-	-	-	-	10,984	-	-	10,984
Total Other Disbursements	86,443	6,720	-	78,908	253,070	-	161,457	586,598
Total Disbursements	1,487,847	110,735	-	126,883	1,339,597	-	186,464	3,251,526
Cash - end of year	728,732	131,728	65,537	72,670	974,106	59,748	91,787	2,124,308
TOTAL AMOUNT ACCOUNTED FOR	\$ 2,216,579	\$ 242,463	\$ 65,537	\$ 199,553	\$ 2,313,703	\$ 59,748	\$ 278,251	\$ 5,375,834

See accompanying notes and accountant's report.

CITY OF BELZONI

Notes to Financial Statement For the Year Ended September 30, 2009

(I) Summary of Significant Accounting Policies.

A. Financial Reporting Entity.

The City of Belzoni operates under a Mayor-Aldermen form of government and provides services authorized by its charter. The official city population on the 2000 census was 2,663.

The City of Belzoni's combined statement of cash receipts and disbursements includes all funds, boards and commissions over which the City exercises oversight responsibility. Oversight responsibility was determined on the basis of the City's ability to significantly influence operations, select the governing authority and participate in fiscal management as well as the entity's financial dependence on the City. The criteria for including entities and funds in the City's financial statements are in agreement with the Governmental Accounting Standards Board (GASB) Statement No. 1, Section 2100, Authoritative Status of Pronouncements.

The City of Belzoni's major operations include public welfare and social services, street and sidewalk maintenance and general administrative services. In addition, a water and sewer system is operated by the City.

B. Basis of Accounting.

The financial statement is prepared on the cash receipts and disbursements basis, which is a special report prescribed by the Office of the State Auditor [for small municipalities with a population of 3,000 or less whose governing authorities declare that a full scope audit would be a financial hardship]. Consequently, certain revenues are recognized when received rather than when earned and certain expenses are recognized when paid rather than when the obligation is incurred. This combined statement of cash receipts and disbursements is not intended to be a presentation in conformity with generally accepted accounting principles (including GASB 34) for local government entities.

C. Report Classifications.

Receipts and disbursements were classified according to requirements for small towns in the State of Mississippi as prescribed by the Office of the State Auditor.

D. Fund Accounting.

The accounts of the City of Belzoni are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures, or expenses. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds are grouped into generic fund types and broad fund categories as follows:

GOVERNMENTAL FUNDS

General Fund - The General Fund is the general operating fund of the city. It is used to account for all financial resources except those required to be accounted for in another fund. Included in this category is the Fire Fund.

Special Revenue Funds - Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted for specific expenditure purposes. Included in this category are the Economic Development Fund and the Homeowners' Rehabilitation Fund.

CITY OF BELZONI

Notes to Financial Statement For the Year Ended September 30, 2009

Capital Projects Fund - Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities. The Capital Projects Fund includes the disbursement of funds for street and sidewalk improvements and recreational facilities payable from the 2005 general obligation bond issue of \$1,400,000.

Debt Service Fund - Debt Service Funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.

PROPRIETARY FUND

Enterprise Fund - Enterprise Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that the costs and expenses of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges. The City has one proprietary fund which it uses to account for activities associated with garbage collection and providing water and sewer services to its customers.

FIDUCIARY FUNDS

Trust and Agency Funds - Trust and Agency Funds are used to account for assets held by the city in a trustee capacity or as an agent for individuals, private organizations and/or other funds. These include Agency Funds. Included are the Payroll Clearing Fund and the Accounts Payable Clearing Fund.

COMPONENT UNITS

The City's two component units include a municipal airport and a park commission.

Municipal Airport - The Belzoni Municipal Airport's Board is appointed by the Mayor and Aldermen of the City of Belzoni. Activities include payments associated with maintaining the airport, including utilities, maintenance, and insurance, and the collection of rents for the use of airport facilities. Also included are federal and state airport improvement grant proceeds and related disbursements.

Park Commission - The Mayor and Aldermen appoint commissioners to oversee the City's parks. The City additionally provides funding as needed to support park and recreational activities.

E. Cash and Other Deposits and Cash Equivalents.

The City of Belzoni deposits excess funds in the financial institutions selected by the Board of Aldermen. State statutes specify how these depositories are to be selected.

Cash consists of amounts on deposit in demand accounts. Other deposits consist of certificates of deposit. Cash and other deposits are valued at cost.

Various restrictions on these deposits are imposed by state statutes. These restrictions are summarized as follows:

All deposits with financial institutions must be collateralized in an amount at least equal to 105% of the amount not insured by the Federal Deposit Insurance Corporation (FDIC) or by the Federal Savings and Loan Insurance Corporation (FSLIC), or any successors to such insurance corporations.

CITY OF BELZONI

**Notes to Financial Statement
For the Year Ended September 30, 2009**

F. Property Taxes.

Property taxes are attached as an enforceable lien on property as of January 1. Taxes are levied on October 1 and are due and payable at that time. All unpaid taxes levied October 1 become delinquent after February 1 of the following year.

G. Total Column on Combined Statement.

The total column on the combined statement is captioned "memorandum only" to indicate that it is presented only to facilitate financial analysis. Included in the Total Column are the City's two component units (municipal airport and park commission).

H. Estimates.

The preparation of the combined statement of cash receipts and disbursements requires management to make estimates and assumptions that affect the reported amount of receipts and disbursements during the reporting period. Actual results could differ from those estimates.

(2) Cash and Other Deposits.

Cash and other deposits at September 30, 2009, consist of:

Cash in bank (checking and savings accounts)	\$ 1,915,271
Certificate of deposit	208,227
Cash on hand (change fund)	810
Total	<u>\$ 2,124,308</u>

The collateral for public entities' deposits in financial institutions is now held in the name of the State Treasurer under a program established by the Mississippi State Legislature and is governed by Section 27-105-5, Miss. Code Ann. (1972). Under this program, the entity's funds are protected through a collateral pool administered by the State Treasurer. Financial institutions holding deposits of public funds must pledge securities as collateral against those deposits. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Deposit Insurance Corporation.

The carrying amount of the City's deposits with financial institutions was \$2,123,498 and the bank balance was \$2,144,827. Deposits totaling approximately \$576,673 are secured by Federal Deposit Insurance Coverage; the uninsured balance of deposits is \$1,568,154 and is secured by collateral held by the City's financial institutions (Category 2 risk - Collateral securities are held by the pledging financial institution(s) in the City's name).

For accounting purposes, certificates of deposit and interest-bearing accounts are classified as cash and other deposits.

CITY OF BELZONI

**Notes to Financial Statement
For the Year Ended September 30, 2009**

(3) Long-term Debt.

The following is a summary of changes in long-term debt:

	<u>Balance 10/01/08</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance 9/30/09</u>	<u>Due Within One Year</u>
<u>General</u>					
A. General obligation bonds payable	\$ 1,225,000	\$ -	\$ 75,000	\$ 1,150,000	\$ 80,000
B. Installment note payable-MS Dev. Auth.	6,720	-	6,720	-	-
C. Note payable - John Deere Credit corporation	-	8,513	3,473	5,040	5,040
Total	<u>1,231,720</u>	<u>8,513</u>	<u>85,193</u>	<u>1,155,040</u>	<u>85,040</u>
<u>Enterprise</u>					
C. Note payable - John Deere Credit corporation	-	23,280	7,760	15,520	7,760
D. Revolving fund loans payable	1,360,431	-	84,606	1,275,825	87,259
Total	<u>1,360,431</u>	<u>23,280</u>	<u>92,366</u>	<u>1,291,345</u>	<u>95,019</u>
Total	<u>\$ 2,592,151</u>	<u>\$ 31,793</u>	<u>\$ 177,559</u>	<u>\$ 2,446,385</u>	<u>\$ 180,059</u>

A. General obligation bonds payable.

The following is a schedule by years of the total payments due on this debt:

<u>Year Ending September 30</u>	<u>2005 Series Bonds</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	\$ 80,000	\$ 44,029	\$ 124,029
2011	85,000	40,829	125,829
2012	85,000	37,429	122,429
2013	95,000	34,241	129,241
2014	100,000	30,679	130,679
2015-2019	575,000	93,054	668,054
2020	130,000	5,038	135,038
Total 2005 Series Bonds	<u>\$ 1,150,000</u>	<u>\$ 285,299</u>	<u>\$ 1,435,299</u>

CITY OF BELZONI

**Notes to Financial Statement
For the Year Ended September 30, 2009**

C. Note Payable - John Deere Credit Corporation

The following is a schedule by years of the total payments due on this lease:

Year Ending September 30	JD Z830A Mod-Z Mower		
	Principal	Interest	Total
2010	\$ 5,040	\$ 121	\$ 5,161

The City purchased a John Deere mower on March 29, 2009, and financed the purchase with the John Deere Credit Corporation. The note is due in 12 monthly installments of \$737.25 including interest at 6.9%. The final installment is due April 1, 2010.

C. Note payable - John Deere Credit Corporation.

The following is a schedule by years of the total payments due on this debt:

Year Ending September 30	JD 310G Loader Backhoe		
	Principal	Interest	Total
2010	\$ 7,760	\$ -	\$ 7,760
2011	7,760	-	7,760
Total	\$ 15,520	\$ -	\$ 15,520

The City entered into a contract with John Deere Credit Corporation to purchase a backhoe it had previously leased. The purchase price of the backhoe was \$60,000 but the City was given credit of \$36,720 for rental payments applied, leaving a balance of \$23,280. No interest is being charged on the purchase. The City will make 36 monthly installments of approximately \$647 each beginning October 20, 2008.

D. State revolving fund loans payable.

The following is a schedule by years of the total payments due on this debt:

Year Ending September 30	SRF-C280856012		
	Principal	Interest	Total
2010	\$ 40,745	\$ 20,867	\$ 61,612
2011	42,617	18,995	61,612
2012	44,575	17,037	61,612
2013	46,623	14,989	61,612
2014	48,764	12,847	61,611
2015-2019	258,904	28,618	287,522
Total	\$ 482,228	\$ 113,353	\$ 595,581

CITY OF BELZONI

**Notes to Financial Statement
For the Year Ended September 30, 2009**

		<u>SRF-C280856020</u>		
	<u>Year Ending September 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
	2010	\$ 22,991	\$ 5,973	\$ 28,964
	2011	23,397	5,568	28,965
	2012	23,810	5,155	28,965
	2013	24,230	4,735	28,965
	2014	24,657	4,308	28,965
	2015-2019	129,965	14,858	144,823
	2020-2023	102,794	3,409	106,203
Total		<u>\$ 351,844</u>	<u>\$ 44,006</u>	<u>\$ 395,850</u>
		<u>SRF-C280856030</u>		
	<u>Year Ending September 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
	2010	\$ 23,523	\$ 8,620	\$ 32,143
	2011	23,998	8,145	32,143
	2012	24,482	7,661	32,143
	2013	24,976	7,167	32,143
	2014	25,480	6,663	32,143
	2015-2019	135,327	25,388	160,715
	2020-2024	149,547	11,168	160,715
	2025-2026	34,420	402	34,822
Total		<u>\$ 441,753</u>	<u>\$ 75,214</u>	<u>\$ 516,967</u>
Total state revolving fund loans		<u>\$ 1,275,825</u>	<u>\$ 232,573</u>	<u>\$ 1,508,398</u>

The City of Belzoni is subject to a general statutory debt limitation under which no city in the State of Mississippi may incur general obligation bonded indebtedness in an amount which will exceed 15 percent of the assessed value of the taxable property within such a city according to the last completed assessment for taxation.

In computing general obligation bonded indebtedness for purposes of such 15 percent limitation, there may be deducted all bonds or other evidences of indebtedness issued for schools, water and sewer systems, gas, light and power purposes and for construction of special improvements primarily chargeable to the property benefited or for the purpose of paying a city's proportion of any betterment program, a portion of which is primarily chargeable to the property benefited. However, in no case may a city contract any indebtedness payable in whole or in part from proceeds of ad valorem taxes which, when added to all of its outstanding general obligation indebtedness, both bonded and floating, exceeds 20 percent of the assessed value of the taxable property within such a city.

In arriving at the limitations set forth above, bond issues for school purposes, bonds payable exclusively from the revenues of any municipal owned utility, general obligation industrial bonds issued under the provisions of Section 57-1-1 to Section 57-1-51, Miss. Code Ann. (1972), and special assessment improvement bonds issued under provisions of Section 21-41-1 to Section 21-41-53, Miss. Code Ann. (1972), are not included. Also excluded from both limitations are contract obligations subject to annual appropriations.

CITY OF BELZONI

**Notes to Financial Statement
For the Year Ended September 30, 2009**

The margin for additional debt under the above debt limits for the City of Belzoni as of September 30, 2009, is approximately:

	<u>15% Limit</u>	<u>20% Limit</u>
Assessed valuation @ 9/30/09	\$ 9,548,422	\$ 9,548,422
Limitation	x 15%	x 20%
Maximum debt allowable	<u>1,432,263</u>	<u>1,909,684</u>
General obligation debt	<u>1,150,000</u>	<u>1,150,000</u>
Margin of additional debt allowable	<u>\$ 282,263</u>	<u>\$ 759,684</u>

(4) Defined Benefit Pension Plan.

Plan Description. The City contributes to the Public Employees' Retirement System of Mississippi (PERS), a cost-sharing multiple-employer defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by state law and may be amended only by the State of Mississippi Legislature. PERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to Public Employees' Retirement System of Mississippi, PERS Building, 429 Mississippi Street, Jackson, Mississippi 39201, or by calling (601) 359-3589 or 1-800-444-PERS.

Funding Policy. PERS members are required to contribute 7.25% of their annual covered salary and the City is required to contribute at an actuarially determined rate. The current rate is 12% of annual covered payroll. The contribution requirements of PERS members and employers are established and may be amended only by the State of Mississippi Legislature.

The City's accrual basis contributions (including both the employer's and the employee's shares) to PERS for the fiscal years ending September 30, 2009, 2008, and 2007, were \$197,324; \$182,478 ; and \$203,365, respectively, which equaled the required contributions for each year.

(5) Contingencies.

Federal Grants - The City of Belzoni has received federal grants for specific purposes that are subject to audit by the grantor agencies. Entitlements to these resources are generally conditional upon compliance with the terms and conditions of grant agreements and applicable federal regulations, including the expenditure of resources for allowable purposes. Any disallowance resulting from a grantor audit may become a liability to the City.

CITY OF BELZONI

**Notes to Financial Statement
For the Year Ended September 30, 2009**

(6) Legal Compliance

Currently, the City's rates for water and sewer usage for customers within the city limits are:

	Water	Sewer
For the first 3,000 gallons per month or less	\$ 8.00	\$ 7.00
For all gallons over 3,000, rate per 1,000 gallons	2.00	1.00

Rates are 50% higher for those customers serviced by the City located outside the City limits. Rates also vary for those customers who have larger meters.

(7) Tax Millage Rates

The City Council approved the following millage rates in amounts necessary to generate taxes needed for general operations and for debt service on general obligation bonded indebtedness. Comparative rates for the preceding year are also included.

Tax Years:	2008	2007
General fund	64.73	61.65
Debt service	16.00	16.00
Total millage	80.73	77.65

(8) Risk Management

Participation in Public Entity Risk Pool

The City has entered into a joint and several relationship with other public entities in the Mississippi Municipal Workers' Compensation Group and the Mississippi Municipal Liability Group. Each member shares responsibility for premium contributions based on payroll and their own loss experiences as well as assessments needed for fund inadequacies. They also share the benefits of fund surplus in the form of dividends when applicable. No assessment was made or is probably for the current year.

Other

The City is exposed to various other risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters, etc. Except as described above, the City carries commercial insurance for some of these risks. Settled claims resulting from these insured risks have not exceeded commercial coverage (excluding deductibles, where applicable) in any of the past three fiscal years.

CITY OF BELZONI

Notes to Financial Statement For the Year Ended September 30, 2009

(9) Lease Revenues and Expenses

Revenues

The City in 1966 entered into a lease agreement with Mississippi Power and Light (now Entergy) to lease the city-owned electrical distribution system to the utility company for an initial lease term of 25 years with two automatic 5-year renewals. Beginning September 7, 2001, the City renewed the lease agreement for a 10-year term providing that Entergy will increase the annual rental from \$75,000 to \$100,000 per year for 5 years with the annual rental thereafter to increase 3% per year the sixth through the tenth years.

In a prior year, the City and County reached an agreement whereby the County leases a "bay" at the fire station used to house the County fire truck for \$1,550 per month. The initial lease term was for approximately one year, renewable annually by consent of both boards.

The City also owns a building that it leases to the Belzoni and Humphreys County Industrial Foundation for three 10-year periods. No rent is paid to the City for this lease contract; however, the Industrial Foundation is responsible for paying the property insurance premiums and all maintenance and repairs on the building. As part of the lease agreement, the Industrial Foundation covenants that they will not allow the premises to be used for any purpose other than a Catfish Visitors Center, offices, a theater, and other civic activities without the prior written consent of the City.

The City is a partner in the Delta Natural Gas District along with the municipalities of Isola and Inverness. The "partnership" owned a natural gas distribution line which was leased to Atmos (formerly Mississippi Valley Gas). Lease payments were remitted to Delta Natural Gas District, which, after deducting expenses, made distributions to the three municipalities on an equal basis. In 1998, Delta Natural Gas District gave Atmos the option to purchase the distribution lines at the end of September 30, 2008, for \$100,000. In March, 2008, Atmos gave notice that it would exercise its option to purchase the distribution lines and remitted the payment in October, 2008. The City's distribution from the Delta Natural Gas District in the current year, including its share of the sale of the distribution lines, was \$45,493.

The Belzoni Municipal Airport leases hangar space and facilities to users, primarily area crop dusters.

Expenses

The City has a 10-year lease on a parking lot adjacent to the police station for \$1,000 per year. In addition, the City leases a lot on the south side of Jackson Street for \$200 per year. Both leases expire in 2010.

(10) Litigation

The City is a defendant in various lawsuits, the outcome of which is not presently determinable. Management is of the opinion that resolution of these matters will not have a material adverse effect on the financial condition of the City.

CITY OF BELZONI

COMBINING FINANCIAL STATEMENTS

CITY OF BELZONI

**Combining Statements of Cash Receipts and Disbursements –
Year Ended September 30, 2009**

	Special Revenue Funds			Component Units		
	Homeowners Rehab. Fund	Economic Development Fund	Total Special Revenue Funds	Park Commission	Municipal Airport	Total Component Units
REVENUE RECEIPTS:						
Miscellaneous income	\$ -	\$ -	\$ -	\$ 3,402	\$ -	\$ 3,402
Airport rentals	-	-	-	-	9,600	9,600
Federal grant-FAA	-	-	-	-	147,600	147,600
State grant-Aeronautics	-	-	-	-	3,884	3,884
HOME grant	103,338	-	103,338	-	-	-
Interest income	-	1,316	1,316	3	467	470
Total Revenue Receipts	103,338	1,316	104,654	3,405	161,551	164,956
OTHER RECEIPTS						
Transfer from other funds	-	-	-	18,500	-	18,500
Interfund loans	-	-	-	-	-	-
Total Other Receipts	-	-	-	18,500	-	18,500
Total Receipts	103,338	1,316	104,654	21,905	161,551	183,456
Cash - beginning of year	16	137,793	137,809	414	94,381	94,795
TOTAL TO ACCOUNT FOR	\$ 103,354	\$ 139,109	\$ 242,463	\$ 22,319	\$ 255,932	\$ 278,251
OPERATING DISBURSEMENTS:						
Home rehabilitation expenditures	\$ 103,338	\$ -	\$ 103,338	\$ -	\$ -	\$ -
Parks and recreation	-	-	-	18,751	-	18,751
Airport	-	-	-	-	6,256	6,256
Interest on long-term debt	-	677	677	-	-	-
Total Operating Disbursements	103,338	677	104,015	18,751	6,256	25,007
OTHER DISBURSEMENTS:						
Capital outlay	-	-	-	-	156,646	156,646
Interfund loans	-	-	-	927	3,884	4,811
Bonds and other debt retired	-	6,720	6,720	-	-	-
Total Other Disbursements	-	6,720	6,720	927	160,530	161,457
Total Disbursements	103,338	7,397	110,735	19,678	166,786	186,464
Cash - end of year	16	131,712	131,728	2,641	89,146	91,787
TOTAL ACCOUNTED FOR	\$ 103,354	\$ 139,109	\$ 242,463	\$ 22,319	\$ 255,932	\$ 278,251

See accountant's report.

CITY OF BELZONI

SUPPLEMENTAL INFORMATION

CITY OF BELZONI
SCHEDULE OF INVESTMENTS – ALL FUNDS
September 30, 2009

Schedule I

<u>OWNERSHIP</u>	<u>TYPE OF INVESTMENT</u>	<u>INTEREST RATE</u>	<u>ACQUISITION DATE</u>	<u>MATURITY DATE</u>	<u>OTHER INFORMATION</u>	<u>INVESTMENT COST/VALUE</u>
Fire Fund (included in General Fund)	Certificate of Deposit	1.541%	7/14/2009	1/14/2010	Guaranty Bank & Trust Co.*	\$ 208,227

*municipal depository

See accountant's report.

SCHEDULE II

CITY OF BELZONI

Schedule of Long-Term Debt
For the Year Ended September 30, 2009

	Balance	Transactions		Balance Outstanding 9/30/2009
	Outstanding 10/1/2008	Issued	During Fiscal Year Redeemed	
	\$ 1,225,000	\$ -	\$ 75,000	\$ 1,150,000
Total General Long-Term Debt				
	\$ 1,231,720	\$ 8,513	\$ 85,193	\$ 1,155,040

General

General Obligation Bonds:

Capital Improvements Issue - Series 2005; original issue amount of \$1,400,000; issued on June 1, 2005; maturity date of June 1, 2020; subject to early redemption on or after June 1, 2015; interest rates from 3.75% to 5%. Bonds were issued for the purpose of street and sidewalk improvements and for recreational facilities.

Notes Payable:

Mississippi Development Authority - original loan of \$1,000,000 used to purchase a building for economic development purposes; issue date of December 31, 1996; payable in monthly installments of \$7,396.91 including interest at 4%; secured by sales tax rebates

John Deere Credit Corporation - purchase of a John Deere Z830A 60" Model Z Mower payable in twelve monthly installments of \$737.25 including interest at 6.9%; final payment due April, 2010

SCHEDULE II continued

CITY OF BELZONI

Schedule of Long-Term Debt
For the Year Ended September 30, 2009

	Balance Outstanding 10/1/2008	Transactions During Fiscal Year		Balance Outstanding 9/30/2009
		Issued	Redeemed	
\$ 521,183	\$ -	\$ 38,955	\$ 482,228	
374,437	-	22,593	351,844	
464,811	-	23,058	441,753	
1,360,431	-	84,606	1,275,825	

Proprietary

State Revolving Fund (SRF) Loans*:

SRF loan number SRF-C280856012 in amount of \$805,264 dated August 27, 1997; payable in 237 monthly installments of \$5,134.33 including interest at 4.5%; final payment due May 1, 2019; paid via deductions from the City's sales tax reimbursements.

SRF loan number SRF-C280856020 in amount of \$481,659 dated January 20, 2002; payable in 236 monthly installments of \$2,413.72 including interest at 1.75%; final payment due May 1, 2023; paid via deductions from the City's sales tax reimbursements.

SRF loan number SRF-C280856030 in amount of \$522,286 payable in 236 installments of \$2,678.59 including interest at 2% beginning March 27, 2006; final payment due October 27, 2025; paid via deductions from the City's sales tax reimbursements.

*The Enterprise Fund services the debt by reimbursing the General Fund for the loss of sales tax revenue.

SCHEDULE II continued

CITY OF BELZONI

Schedule of Long-Term Debt
For the Year Ended September 30, 2009

Balance Outstanding 10/1/2008	Transactions During Fiscal Year		Balance Outstanding 9/30/2009
	Issued	Redeemed	
-	23,280	7,760	15,520
<u>\$ 1,360,431</u>	<u>\$ 23,280</u>	<u>\$ 92,366</u>	<u>\$ 1,291,345</u>

Total Proprietary Long-Term Debt

Proprietary

Note Payable:

John Deere Credit Corporation-purchase of a JD 310G loader backhoe for \$23,280 (net of rentals applied of \$36,720) payable in 36 monthly installments of approximately \$646.66 beginning 10/20/08; final payment due 9/20/11, 0% interest.

See accountant's report.

SCHEDULE III**CITY OF BELZONI****Schedule of Surety Bonds of Municipal Officials
For the Year Ended September 30, 2009**

<u>Name</u>	<u>Position</u>	<u>Bond*</u>
Wardell Walton	Mayor	\$ 50,000
Allen Farmer	Alderman	\$ 50,000
Popoola B. Hooper	Alderman	\$ 50,000
Johnny Lee Page	Alderman	\$ 50,000
Margaret Hooper-Parker	Alderwoman	\$ 50,000
Charles Thurman, Jr.	Alderman	\$ 50,000
Delores Harris	City Clerk	\$ 50,000
Ruby Jones	Water Clerk	\$ 50,000
Latosha Seals	Assistant Clerk	\$ 50,000
Mickey Foxworth	Police Chief	\$ 50,000
James H. White	Asst. Police Chief	\$ 50,000
Dorothy Elder	Court Clerk	\$ 50,000

* All positions are covered by Travelers Casuanty and Surety Co.

See accountant's report.

CITY OF BELZONI

COMPLIANCE REPORT

JOEL B. CUNNINGHAM

CERTIFIED PUBLIC ACCOUNTANT
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BELZONI, MISSISSIPPI 39038

MAIL: P. O. BOX 675
(662) 247-2416

INDEPENDENT ACCOUNTANT'S SPECIAL REPORT ON AGREED-UPON PROCEDURES FOR SMALL MUNICIPALITIES

September 15, 2010

The Honorable Mayor and Board of Aldermen
City of Belzoni, Mississippi

We have applied certain agreed-upon procedures, as discussed below, to the accounting records of the City of Belzoni, Mississippi, as of September 30, 2009, and for the year then ended, as required by the Office of the State Auditor, under the provisions of Section 21-35-31, Miss. Code Ann. (1972). It is understood the report is solely for the use of the governing body of the City of Belzoni, Mississippi, and the Office of the State Auditor and should not be used for any other purposes. Our procedures and findings are as follows:

1. We reconciled cash on deposit with the following banks to balances in the respective general ledger accounts and obtained confirmation of the related balances from the banks.

<u>Bank</u>	<u>Fund</u>	<u>Balance Per General Ledger</u>
BankPlus	General Fund	\$ 431,064
Guaranty Bank & Trust Co.	General (Fire) Fund	89,031
Total General Fund		<u>520,095</u>
Guaranty Bank & Trust Co.	Homeowners' Rehab	16
BankPlus	Economic Development Fund	7,205
Guaranty Bank & Trust Co.	Economic Development Fund	124,507
Total Special Revenue Fund		<u>131,728</u>
BankPlus	Debt Service Fund	<u>72,670</u>
BankPlus	Capital Project Fund	3,342
BankPlus	Capital Project Fund	62,195
Total Capital Project Fund		<u>65,537</u>

<u>Bank</u>	<u>Fund</u>	<u>Balance Per General Ledger</u>
BankPlus	Enterprise Fund	498,259
Guaranty Bank & Trust Co.	Enterprise Fund	475,447
Total Enterprise Fund		<u>973,706</u>
BankPlus	Payroll Clearing Fund	32,627
BankPlus	Accts. Payable Clearing Fund	27,121
Total Agency Funds		<u>59,748</u>
Guaranty Bank & Trust Co.	Belzoni Park Commission	2,641
BankPlus	Belzoni Municipal Airport	52,964
Guaranty Bank & Trust Co.	Belzoni Municipal Airport	36,182
Total Component Units		<u>91,787</u>
Grand Total		<u>\$ 1,915,271</u>

2. We confirmed with Guaranty Bank and Trust Co. a certificate of deposit owned by the City. All investment transactions during the year were examined for compliance with investments authorized by Section 21-33-323, Miss. Code Ann. (1972).

<u>Description</u>	<u>Fund</u>	<u>Amount</u>
Guaranty Bank & Trust Co. Certificate of Deposit	Fire Fund (General)	\$ 208,227

3. We performed the following procedures with respect to taxes on real and personal property (including motor vehicles) levied during the fiscal year:
- The County provided assessment rolls and tax receipts to the City. We traced levies to governing body minutes;
 - The City held an annual tax sales the last Monday in August and published lists of delinquent taxes;
 - We traced distribution of taxes collected to proper funds; and
 - We analyzed the increase in taxes for most recent period for compliance with increase limitations of Sections 27-39-320 to 27-39-323, Miss. Code Ann. (1972).

The distribution of taxes to funds was found to be in accordance with prescribed tax levies, and uncollected taxes were determined to be properly handled.

Ad valorem tax collections were found to be within the growth limitations of Sections 27-39-320 to 27-39-323, Miss. Code Ann. (1972).

Ad valorem tax collections for the retirement of general obligation debt was found to be sufficient for payment of current principal and interest in accordance with limitations imposed by Sections 21-33-87 and 21-33-303, Miss. Code Ann. (1972).

4. We obtained a statement of payments made by the Department of Finance and Administration to the municipality. Payments indicated were traced to deposit in the respective bank accounts and recorded in the general ledger without exception. Payments traced were as follows:

<u>Payment Purpose</u>	<u>Receiving Fund</u>	<u>Ledger Amount</u>
Repair and service highways/bridges*	General Fund	\$ 7,525
Fire protection allocation	General (Fire) Fund	14,072
General municipal aid	General Fund	1,388
Gasoline tax	General Fund	7,488
Homestead exemption reimbursement	General Fund	31,625
Homestead exemption reimbursement	Debt Service Fund	7,817
Aeronautics	Belzoni Municipal Airport	3,884
Law enforcement assistance grants	General Fund	6,184
Payments-nuclear plant	General Fund	22,683
Sales tax allocation	General Fund	413,438
Liquor privilege tax	General Fund	4,050
CDBG grant	Enterprise Fund	83,778
HOME grant	Home Rehab Fund	103,338
		<hr/>
Total		<u>\$ 707,270</u>

*The amount confirmed by DFA included \$558.10 which was not wire transferred to the City's bank account until October 1, 2009; this amount is not included here.

5. We selected a sample of purchases made by the municipality during the fiscal year. Each sample item was evaluated for compliance with purchasing requirements set forth in Title 31, Chapter 7, Miss. Code Ann. (1972), as applicable.

The sample consisted of the following:

Number of Sample Items - 24

Total Dollar Value of Sample – \$412,410

We found the municipality's purchasing procedures to be in agreement with the requirements of the above-mentioned sections.

6. We have read the Municipal Compliance Questionnaire completed by the municipality. The following responses to the questionnaire indicate noncompliance with state requirements.

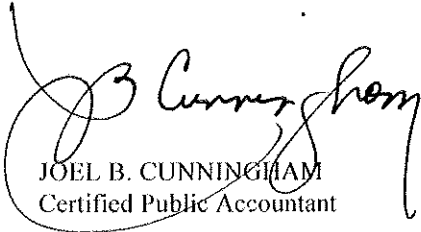
- a. Ordinances have not been entered into the ordinance book.
- b. Fixed assets are not properly tagged and accounted for.

Our testing of the Municipal Compliance Questionnaire revealed the following areas of noncompliance (although the response indicated compliance):

As reported last year, the fiscal year 2009 budget was not entered at length and detail upon the official minutes.

The City did include the fiscal year 2010 budget in detail upon its minutes.

Because the above procedures do not constitute an audit in accordance with generally accepted auditing standards, we do not express an opinion on any of the specific accounts or classes of transactions referred to above. In connection with the procedures referred to above, no matters came to our attention that caused us to believe the items specified in Paragraphs 1, 2 and 3 should be adjusted. Had we performed additional procedures or had we conducted an audit of the financial statements in accordance with generally accepted auditing standards, matters might have come to our attention that would have been reported to you. This report should not be associated with the financial statements of the City of Belzoni, Mississippi, for the year ended September 30, 2009.



JOEL B. CUNNINGHAM
Certified Public Accountant